

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – MARCH 23, 2005

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Aidan Moore, Chief of Enforcement; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. **Guests:** Doreen Wittenberg, Business Supervisor; Michael Goclowski, Law Warehouse.

EXCUSED: Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; Richard Gerrish, Spirits Marketing Specialist.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending March 20, 2005 were up for the week by \$780,782 or almost 13.3%. On a yearly basis, sales increased over 6% or \$16,624,569.

B. Budget/Administrative Reports:

The contract for the canopy at Store #1 Concord will be on the Governor and Council agenda this morning. There are no scheduled hearings for bills affecting the Commission in the immediate future. There has been no action yet on the two submitted waivers, but Craig hopes to hear something soon.

State Employee Association negotiations are scheduled to begin today.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 72.6% expired, with around 70% of the budget expended. George has completed the budget pre-assessment and sent an e-mail to the bureau chiefs to help solve deficits. A transfer request will be sent to Fiscal Committee.

Bill Weaver from Administrative Services reviewed documentation regarding the new process for travel checks used by the Commission and saw no problems. It now looks as if this project will be used statewide.

2. IT Report

In the past week changes have been made to the PALS system to be able to track sexual harassment training.

Yesterday the primary/secondary product identification was implemented. The dial-up back up lines are in place in the top 10 stores, and work is being done on getting the modems in place, which will probably be completed within a week or so.

Craig is in the process of updating the disaster recovery plan, which is still in draft format. He will ask Howard to put it back on the intranet. Once the updated version goes out, it will be important, particularly for the bureau chiefs, to review the plan and to understand that it is still in draft format. IT is getting closer to scheduling a test to actually transfer operations down to Store #76. This will probably occur sometime during the middle of the night or on a weekend. Craig will bring a synopsis of what will be involved to the Commission within the next few weeks.

IT is also in the process of re-numbering all computers to become part of the state network. This will allow the Commission to utilize some security measures available to the state as a whole and will ensure the disaster recovery site as well. The re-numbering process will probably take place in another four to five weeks.

3. Human Resources Report: No report presented.

II. MARKETING & SALES REPORTS

1. Store Operations

John Bunnell informed the group that Peter Engel and Rick Gerrish were attending marketing and sexual harassment training sessions for managers.

The Center Harbor lease has been signed by all parties and is currently over at the Attorney General's office for approval. The store should open with no problems occurring, except for a possible delay in the installation of the frat line. In addition, the opening of the Seabrook Beach store is slated for the first week in April.

2. Purchasing Report

There are no significant issues at this time concerning out-of-stocks.

3. Merchandising Report

- A. SPIRITS:

- 1) Test Market Products:

a. Test Market Request (Glenrothes Single Malt Scotch):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Skyy Spirits for a new test market listing for Glenrothes Single Malt Scotch, 750ML size (assigned new Code #2292), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (3 Gran Centenario products):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Skyy Spirits for new test market listings for Gran Centenario Plata Tequila (assigned new Code #3937), Gran Centenario Reposado Tequila (assigned new Code #3940), and Gran Centenario Anejo Tequila (assigned new Code #3944), 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Result (Codes #2632, #2759 & #1289):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a specialty listing for Code #2632, Isle of Jura Superstition, 750ML, as this item earned the gross profit required for specialty item consideration at the conclusion of a six-month test market period, and approve the delisting of Code #2759, Johnnie Walker Gold, 200ML and Code #1289, Jim Beam Black, 375ML size, both of which failed to earn their respective gross profits required for full distribution at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Request (Cruzan Dark Rum, 750ML):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./ Todhunter Imports for a line extension for Cruzan Dark Rum, 750ML size (assigned new Code #8448), as this product in the 1.75L size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Price Reduction Delisted Products (Dirty Olive):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve reducing the price of delisted Code #3239, Dirty Olive Gin, 750ML in order to deplete remaining inventory, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Addition to Hot Brands (Makers Mark Bourbon):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Horizon Beverage Company/ Allied Domecq Spirits & Wine USA to add Code #1385, Makers Mark Bourbon, 750ML to the “Hot Brand” program, effective with the May 2005 pricing quarter, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) One-Time Buy Request (Johnnie Walker):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Diageo North America for the Commission to make a one-time purchase of the Johnnie Walker Black 750ML Twin Pack with free Johnnie Walker Green, 200ML (assigned new Code #2719), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Grey Goose Flavors Line Pricing Request:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve line pricing with Code #3858, Grey Goose Vodka, 750ML of the following flavored 750ML size vodkas, effective May 2, 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #3830, Grey Goose L’Orange Vodka; Code #3782, Grey Goose Le Citron Vodka; and Code #3864, Grey Goose La Vanille Vodka. The motion was unanimously adopted.

7) May Special Offers:

a. 2 additional items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve two (2) additional special offers

from Horizon Beverage Company, to be featured on sale during May 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 5 revised offers – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from Horizon Beverage Company, based upon special purchase allowances for five (5) spirit items, to be featured on sale during May 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 7 revised offers – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from United Beverages, Inc., based upon depletions for seven (7) spirit items, to be featured on sale during May 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 2 revised offers – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from United Beverages, Inc., based upon depletions for two (2) spirit items, to be featured on sale during May 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Summer Wine Programs:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve two programs from United Beverages, Inc. to be included in the Summer Saving on the Spot promotion to be conducted during June, July and August 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Special Offers for May 2005:

a. 44 items – E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from E & J Gallo Winery, based upon depletions/special purchase allowances for forty-four (44) wine items, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 1 item – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from United Beverages, Inc., based upon depletions/special purchase allowances for one (1) wine item, to be featured on sale during May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Nicolas Potel Burgundy Order:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./ Frederick Wildman & Sons for the Commission to purchase six (6) Nicolas Potel burgundies, scheduled to arrive in late 2005 or early 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Olivier Leflaive Burgundy Order:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./ Frederick Wildman & Sons for the Commission to purchase nine (9) Olivier Leflaive burgundies, scheduled to arrive in late 2005 or early 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Louis Jadot Burgundy Order:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./ Frederick Wildman & Sons for the Commission to purchase sixteen (16) Louis Jadot burgundies to arrive in late 2005 or early 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) AV Imports Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from M.S. Walker/AV Imports to conduct an AV Imports Sweepstakes during May and June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Bose Wave Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from M.S. Walker to conduct a Bose Wave Sweepstakes during May and June 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Fat Bastard Golf Driver Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Pine State Trading Company/ Click Imports to conduct a Fat Bastard Golf Driver Sweepstakes during April and May 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Primary Source Submissions (6 exclusive marketing agent):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listings of six (6) wine codes which are offered by the exclusive marketing agent, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report presented.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated March 17 through March 23, 2005. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford